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SENATE BILL 25 of the Second Extraordinary Session  
By McNally

AN ACT to amend Tennessee Code Annotated, Title 56, Chapter 32 and Title 56, Chapter 4, regarding premium taxes.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. (a) Tennessee Code Annotated, Section 56-4-205(a)(1)(A), is amended by adding the following new language at the end of this subdivision:

In addition to the above premium taxes, all insurers, medical service plans, hospital service corporations and hospital and medical service corporations offering health insurance in this state, shall pay tax on the gross amount of all dollars collected from an enrollee or on the enrollees behalf in the amount of one percent (1%). The provisions of this section shall not apply to any insurance company, medical service plan, hospital service corporation, or hospital and medical service corporation that sponsors a TennCare managed care organization which represents twenty-five percent (25%) of the entity's healthcare enrollment or totals at least 200,000 lives. The additional one percent (1%) premium tax shall not be due and payable during any period when the state's TennCare program is no longer in operation.

SECTION 2. (a) Tennessee Code Annotated, Section 56-32-224(a), is amended by adding the following new language at the end of this subdivision:

In addition to the above premium taxes, all health maintenance organizations in this state, shall pay tax on the gross amount of all dollars collected from an enrollee or on the enrollees behalf in the amount of one percent (1%). The provisions of this section shall not apply to any health maintenance organization that sponsors a TennCare managed care

organization which represents forty percent (40%) of the health maintenance organization's enrollment or totals at least 50,000 lives. The additional one percent (1%) premium tax shall not be due and payable during any period when the state's TennCare program is no longer in operation.

SECTION 3. If any provision of this act or the application thereof to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of the act which can be given effect without the invalid provision or application, and to that end the provisions of this act are declared to be severable.

SECTION 4. This act shall take effect on January 1, 2000, the public welfare requiring it.